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FEBRUARY 1988

OREGON LABOR TRENDS

JANUARY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj)
Jan.	1988	5.9
Dec.	1987	5.8
Jan.	1987	7.2
U.S.		
Jan.	1988	5.8
Dec.	1987	5.8
Jan.	1987	6.7

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977 = 100	
Jan.	1988	119.7
Dec.	1987	118.8
Nov.	1987	118.4
Oct.	1987	117.7
Sept.	1987	117.4

PRODUCTION WORKERS AVERAGE HOURLY EARNINGS

Oregon		
Dec.	1987	10.73
Nov.	1987	10.64
Dec.	1986	10.51

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Dec.	1987	39.4
Nov.	1987	39.7
Dec.	1986	39.6

CONSUMER PRICE INDEX (CPI-U)

1967 = 100
ALL URBAN CONSUMERS

Portland-Vancouver	
Jan. 1988	327.8
Yearly change	3.3%
Annual Average 1987	324.7
Yearly change	2.5%
U.S.	
Jan. 1988	346.7
Yearly change	4.1%
Annual Average 1987	340.4
Yearly change	3.7%

Portland Hotline 221-4132

RISING UNEMPLOYMENT RATE - DISCOURAGING?

Jan Ciranny

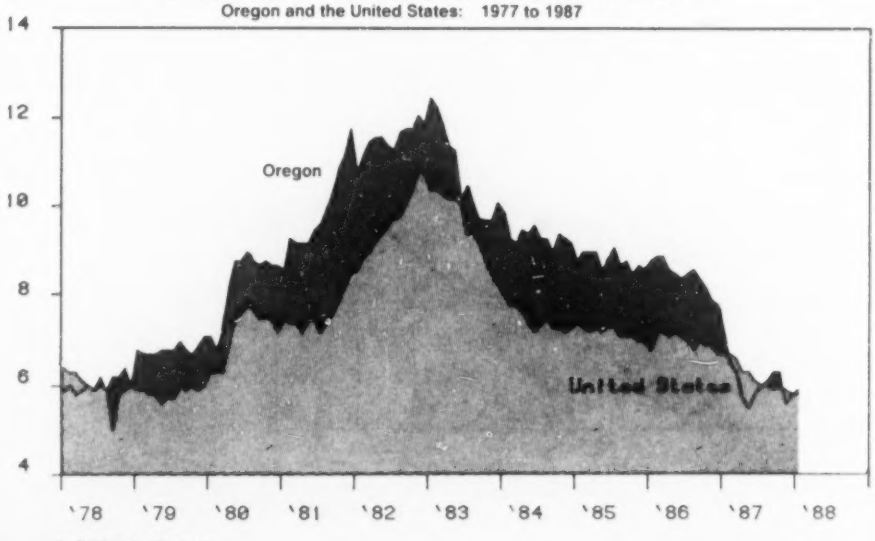
As with so many occurrences in life, bad news commonly accompanies good news. So it is with the latest employment figures for Oregon. Beginning with the bad news, Oregon's seasonally adjusted unemployment rate increased for the second consecutive month. January's rate of 5.9% was .1 higher than the rate in December. The national rate at 5.8% was unchanged for the month.

Looking beyond the fact that the unemployment rate in the State has increased, several points will be made that can put this in a positive light. First of all, the employment index rose by .9 in January to 119.7, an all-time high. Its calculation involves dividing seasonally adjusted nonfarm wage and salary employment by the 1977 employment level. Secondly, an all-time annual average high of 1,094,000 nonfarm wage and salary employment was reached in 1987. The third point is that Oregon's nonfarm employment grew at a faster rate (3.4%) in 1987 than did the national rate (2.4%).

The fourth point that makes the slight rise in the unemployment rate seem less significant as a negative economic indicator involves a theory regarding discouraged worker attitudes. With record high employment reported in 1987 and January registering the highest employment index value ever, some discouraged workers, due to increased optimism, may have entered the labor force in hopes of attaining employment. If they were not employed during the survey week, but were actively seeking employment, they would be counted as unemployed. To be unemployed, one must be 16 years or older, willing to work, able to work, and actively seeking work. Discouraged workers may meet the first three criteria, but if they are not actively seeking employment they will not be counted as part of the labor force or the unemployed.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES *

Oregon and the United States: 1977 to 1987



* Civilian labor force only

National data reported by the Bureau of Labor Statistics reveals that the number of discouraged workers (seasonally adjusted) decreased 8.3% between the third and fourth quarters of 1987. Further evidence for this theory locally can be found when comparing the figures in the Resident Oregon Labor Force Table with seasonally adjusted data. Looking at the table, a labor force decrease of 11,500 occurred in January, but this loss was much less than normal for this time of year.

After all has been said and while it is true that the unemployment rate increased, this analysis implies that a higher unemployment rate is not necessarily a negative economic indicator. Whether it is depends on the reason for unemployment. The number of job seekers can rise when the economy slows and workers lose their jobs. But it can also rise if an expanding economy causes discouraged workers or others who are not in the active labor force to begin a job search.

...a higher unemployment rate is not necessarily a negative economic indicator. Whether it is depends on the reason for unemployment.

The Nonagricultural Wage and Salary Employment Table indicates that total payroll employment fell 22,000, with trade and services accounting for 60% of the decrease. Employment declined in virtually every major category. The table, however, only tells half of the story. The other half of the story is much brighter since it removes the seasonal variations that are expected for this time of year. The numbers in the table reflect both economic and seasonal causes for movements in employment levels. As mentioned above, total payroll employment fell 22,000, but 30,600 was the expected drop for the month. The service industry was the only one to significantly drop employment below seasonal expectations; employment fell 4,700, 30% more than anticipated. The decline was largely due to a reduction in temporary help agency jobs. In contrast to the poor performance in services, the drop in trade employment was 40% less (5,500 jobs) than expected.

Lumber and wood products fared better than anticipated since January is usually a month of heavy employment cutbacks; employment dropped by only 700 when 2,000 fewer jobs would not have been surprising. Roughly 40% of lumber produced is used in new housing construction, and based on the latest national housing start data reported by the U.S. Department of Commerce, there is reason to believe that the lumber market may begin to weaken. Housing starts in January were down for the second consecutive month and were at the lowest seasonally adjusted annual rate (1.38 million units) since December 1982, which was the end of the last recession (1.30 million units). Housing starts are a leading economic indicator; however, since other economic sectors are performing strongly, a recession is not immediately imminent. Oregon actually had an increase of about 6% in the number of housing starts during 1987 whereas the number nationally declined by 10%.

Manufacturing proved to be very positive news for Oregon's economy. In the past twelve months, manufacturing jobs increased by 11,200, accounting for 25.3% of the total job growth. Employment in manufacturing is now about 19% of total payroll employment. An increase in manufacturing jobs often (but not always) affects the economy more strongly than an increase in nonmanufacturing since the average weekly wage (second quarter 1987) for manufacturing was $465 compared to $315 for nonmanufacturing - a sizable difference of $150. Manufacturing also is more likely to bring new dollars into Oregon, rather than recirculating dollars already in the State's economy.

In 1984, Oregon exported out of the country approximately 12.9% of total manufacturers' shipments. These exports of manufactured goods generated 51,600 export-related jobs, or 5.7% of total private employment. Only eight other states had a higher percent of export-related jobs.

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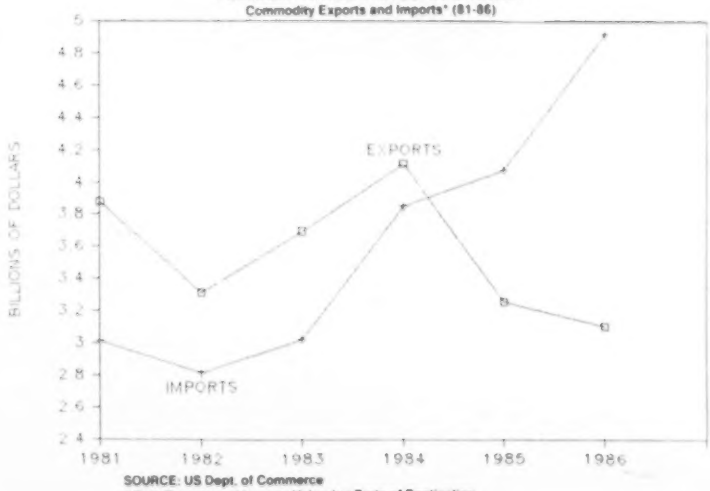
Of these export-related jobs, 24,900 were in manufacturing industries, accounting for 13% of total manufacturing employment (1984 Annual Survey of Manufacturers). The remaining 26,700 export-related jobs were found in trade (13,900), business services (2,300), transportation, communication and utilities (3,000), and other nonmanufacturing sectors (7,600).

SEASONALLY ADJUSTED NON-AG WAGE & SALARY EMPLOYMENT INDEXES
Oregon and the United States 1980 to 1987

FOREIGN TRADE THROUGH OREGON
Commodity Exports and Imports* (81-86)



SOURCE: US Dept. of Commerce
* Both Exports and Imports Valued at Ports of Destination.

Keep in mind that these data include only those jobs related to the export of manufactured goods. They do not include jobs associated with the production and export of raw, unprocessed agricultural commodities or the direct export of various kinds of services. With many Oregon jobs dependent on exports, a brief analysis of the foreign trade market is appropriate.

The dollar's foreign exchange value has fallen drastically since 1985. The Morgan Guaranty Index has dropped 38% in the last 12 quarters. The index compares the dollar against 15 trade-weighted foreign currencies. When the dollar depreciates, the trade balance goes through a three-stage adjustment process. The first stage can plunge the trade balance into greater deficit since prices and quantities of imports and exports are not flexible enough to change instantaneously in response to a currency depreciation. When the dollar initially falls in value, we are slow to change our consumption pattern of imports even though they are now more expensive.

The second stage occurs when prices of goods and services change to reflect the dollar's new value. Export prices may go up slightly or remain constant due to increased demand and less competition from imports. Import prices will experience downward pressure since the higher foreign currency price already means a greater cost to the U.S. consumer. Foreign firms often cut profit margins on their exports in an effort to continue selling at the same cost to the U.S. and to maintain their market share. At this time, the trade balance improves slightly, depending on the magnitude of the price increase in exports.

The third stage is the quantity adjustment period. Exports should increase in volume, and imports should decrease. The U.S. is able to sell more products overseas because American goods are now relatively less expensive to foreign buyers. In addition, U.S. producers will often experience higher domestic sales as consumers substitute American goods for more costly imports.

If the Oregon economy is near full employment when the demand for export-related workers is increased, Oregon could experience a tighter labor market and even some skill shortages.

A trade deficit for Oregon appeared in the second quarter of 1984. By the end of 1986, it had grown to $1 8 billion (International Trade Institute, PSU). The annual data for 1987 is not available at this time, but expect to see the trade deficit reduced, with the majority of the improvements due to increased exports. Data for the first two quarters of 1987 indicate that export values are 8.9% greater than the values during the same time period one year previous. To accompany the good news, import values are down 3.1% when comparing the same two time periods. News on the trade deficit is headline material since it relates to jobs. However, unemployment rates have been close to the natural (full-employment) rate of 4-6%. If the Oregon economy is near full employment when the demand for export-related workers is increased, Oregon could experience a tighter labor market and even some skill shortages. An increase in the labor force due to in-migration and/or rising labor force participation among current residents could also occur in response to the prospect of improved job opportunities. And if this increase in the labor force were strong enough, as discussed earlier, it's possible that Oregon's unemployment rate could rise temporarily even in the face of an expanding economy. □

NEW LMI PUBLICATIONS

The 1987 **Business & Employment Outlook** publications are now available for 14 local areas in Oregon. The purpose of these reports is to provide accurate and timely labor market information about Oregon localities to Job Training Partnership Act program operators, citizens, businesses and others who are involved in the employment, training and economic development fields. The reports contain data and analyses on various topics including population, labor force, unemployment, industrial, occupational and income trends. A brief executive summary is also available for each of the **Business & Employment Outlook** reports.

To obtain copies of these annual reports or executive summaries please contact.

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DIFFUSION INDEX RETIRED

While the overall economy seems to have weathered last fall's stock market plunge in surprisingly good shape, Oregon's diffusion index was not so lucky. Based on this indicator's marginal utility to predict future economic trends and a lack of "user" interest, we have decided to retire Oregon's diffusion index numbers and induct them into the mythical LMI Hall of Fame. The accompanying graph has been revised to reflect the 1986 and 1987 employment benchmark revisions. Going...Going...Gone! □

RESIDENT OREGON LABOR FORCE

	JAN.[1] 1988	DEC.[2] 1987	CHANGE	%CHANGE	JAN.[5] 1987
CIVILIAN LABOR FORCE[3]	1,402,100	1,413,600	-11,500	-0.8	1,370,500
UNEMPLOYMENT	99,900	87,300	12,600	14.4	115,000
PERCENT OF LABOR FORCE	7.1	6.2	XXX	XXX	8.4
SEASONALLY ADJUSTED PERCENT	5.9	5.8	XXX	XXX	7.2
TOTAL EMPLOYMENT[4]	1,302,200	1,326,300	-24,100	-1.8	1,255,500

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. 5/ Due to revised estimating procedures between December 1987 and January 1988, data for 1988 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	JAN.[1] 1988	DEC.[2] 1987	JAN. 1987	CHANGE FROM DEC. 1987	CHANGE FROM JAN. 1987
TOTAL[3]	1,094,500	1,116,500	1,050,200	-22,000	44,300
WAGE & SALARY EMPLOYMENT INDEX[4]	119.7	118.8	114.8	XXX	XXX
TOTAL MANUFACTURING	203,100	205,200	191,900	-2,100	11,200
DURABLE GOODS	149,500	151,200	140,500	-1,700	9,000
LUMBER & WOOD PRODUCTS	67,100	67,800	64,600	-700	2,500
LOGGING & SAWMILLS	34,000	34,600	33,100	-600	900
VENEER & PLYWOOD	17,700	17,700	17,300	0	400
MILLWORK & STRUCTURAL WOOD	10,200	10,300	9,500	-100	700
MOBILE HOMES	1,400	1,400	1,200	0	200
OTHER WOOD PRODUCTS	3,800	3,800	3,500	0	300
FURNITURE AND FIXTURES	2,300	2,500	2,400	-200	-100
STONE, CLAY, GLASS & CONCRETE	3,300	3,300	3,000	0	300
PRIMARY METALS	9,800	9,700	8,500	100	1,300
BLAST FURNACES, IRON & STEEL	5,900	5,800	5,200	100	700
NONFERROUS METALS	3,900	3,900	3,300	0	600
FABRICATED METALS	10,200	10,400	9,700	-200	500
FABRICATED STRUCTURAL METALS	4,400	4,400	4,200	0	200
OTHER FABRICATED METALS	5,800	6,000	5,500	-200	300
MACHINERY	15,900	15,800	15,000	100	900
ELECTRICAL EQUIPMENT & SUPPLIES	14,100	13,900	12,800	200	1,300
TRANSPORTATION EQUIPMENT	11,200	12,300	9,800	-1,100	1,400
INSTRUMENTS & RELATED PRODUCTS	12,300	12,300	12,100	0	200
MISCELLANEOUS MANUFACTURING	3,300	3,200	2,600	100	700
NONDURABLE GOODS	53,600	54,000	51,400	-400	2,200
FOOD & KINDRED PRODUCTS	20,000	20,500	19,300	-500	700
CANNING & PRESERVING	9,300	9,300	8,700	0	600
OTHER FOOD PRODUCTS	10,700	11,200	10,600	-500	100
TEXTILE MILL PRODUCTS	1,800	1,800	1,700	0	100
APPAREL	2,600	2,600	2,400	0	200
PAPER & ALLIED PRODUCTS	9,100	9,000	9,200	100	-100
PRINTING & PUBLISHING	13,300	13,300	12,400	0	900
CHEMICALS & ALLIED PRODUCTS	2,000	2,000	2,000	0	0
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	4,000	4,000	3,500	0	500
LEATHER PRODUCTS	400	400	500	0	-100
TOTAL NONMANUFACTURING	891,400	911,300	858,300	-19,900	33,100
MINING & QUARRYING	1,200	1,300	1,300	-100	-100
CONSTRUCTION	30,800	33,800	29,600	-3,000	1,200
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,300	60,100	56,800	-1,800	1,500
TRANSPORTATION	37,000	38,900	35,700	-1,900	1,300
RAILROAD	3,800	3,800	4,000	0	-200
TRUCKING & WAREHOUSING	21,000	22,700	20,400	-1,700	600
OTHER TRANSPORTATION	12,200	12,400	11,300	-200	900
COMMUNICATIONS	12,600	12,500	12,500	100	100
UTILITIES	8,700	8,700	8,600	0	100
TRADE	280,200	288,700	264,200	-8,500	16,000
WHOLESALE TRADE	71,000	71,300	65,900	-300	5,100
DURABLE GOODS	41,900	41,700	39,000	200	2,900
NONDURABLE GOODS	29,100	29,600	26,900	-500	2,200
RETAIL TRADE	209,200	217,400	198,300	-8,200	10,900
GENERAL MERCHANDISE	28,500	31,800	26,500	-3,300	2,000
FOOD STORES	34,000	34,200	32,200	-200	1,800
AUTO DEALERS & SERVICE STATIONS	25,900	25,300	24,700	600	1,200
OTHER RETAIL TRADE	120,800	126,100	114,900	-5,300	5,900
FINANCE, INSURANCE, & REAL ESTATE	71,600	71,900	70,100	-300	1,500
BANKING & CREDIT AGENCIES	23,800	23,800	23,800	0	0
OTHER FINANCE, INSURANCE, & REAL ESTATE	47,800	48,100	46,300	-300	1,500
SERVICES	241,200	245,900	233,000	-4,700	8,200
HOTELS & PERSONAL SERVICES	25,000	24,800	24,300	200	700
HEALTH SERVICES	76,100	76,200	73,300	-100	2,800
OTHER SERVICES	140,100	144,900	135,400	-4,800	4,700
GOVERNMENT	208,100	209,600	203,300	-1,500	4,800
FEDERAL GOVERNMENT	29,600	30,400	28,600	-800	1,000
STATE GOVERNMENT	58,000	58,400	55,200	-400	2,800
EDUCATION	24,400	25,200	24,100	-800	300
OTHER STATE	33,600	33,200	31,100	400	2,500
LOCAL GOVERNMENT	120,500	120,800	119,500	-300	1,000
EDUCATION	77,100	77,400	77,100	-300	0
OTHER LOCAL	43,400	43,400	42,400	0	1,000
LABOR - MANAGEMENT DISPUTES	100	100	0	0	100

1/ Preliminary
2/ Revised
3/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.
4/ Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1987 Benchmark
February 1988

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1987 1/

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE													
UNEMPLOYMENT													
Percent of Labor Force													
Seasonally Adjusted Percent						DATA NOT YET AVAILABLE							
TOTAL EMPLOYMENT													

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1987 3/ **

TOTAL WAGE & SALARY	1,094.0	1,050.2	1,057.8	1,067.2	1,078.8	1,094.1	1,109.2	1,096.5	1,101.6	1,113.8	1,121.1	1,121.4	1,116.5
Wage & Salary Empl. Index (1977=100) 4/	116.8	114.8	115.0	115.7	116.0	116.4	116.6	117.3	117.2	117.4	117.7	118.4	118.8
Diffusion Index 5/	59.8	55.8	60.8	57.7	63.2	64.3	66.3	66.7	60.9	55.0	52.7	55.8	58.5
MANUFACTURING, TOTAL	204.9	191.9	194.3	195.4	197.0	201.1	208.2	215.0	216.5	215.7	210.0	208.9	205.2
Durable Goods	148.1	140.5	141.0	142.1	143.7	147.6	150.3	152.2	153.4	153.0	150.5	152.0	151.2
Lumber & Wood Products	67.4	64.6	64.0	64.2	65.4	67.3	69.6	70.4	70.3	69.5	67.3	68.8	67.8
Logging & Sawmills	34.4	33.1	32.4	32.3	32.9	34.2	35.8	36.4	36.5	35.7	34.1	35.3	34.6
Veneer & Plywood	17.7	17.3	17.3	17.5	17.5	17.7	17.9	18.0	17.8	17.9	17.8	17.8	17.7
Millwork & Structural Wood	10.1	9.5	9.5	9.6	9.9	10.2	10.6	10.6	10.6	10.5	10.1	10.3	10.3
Mobile Homes	1.4	1.2	1.2	1.2	1.3	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.4
Other Wood Products	3.8	3.5	3.6	3.6	3.8	3.9	3.9	3.9	3.9	3.9	3.8	3.9	3.8
Furniture & Fixtures	2.5	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.6	2.5
Stone, Clay, Glass & Concrete Prod.	3.4	3.0	3.2	3.2	3.3	3.5	3.5	3.6	3.7	3.7	3.7	3.5	3.3
Primary Metals	9.3	8.5	8.7	8.9	9.0	9.1	9.4	9.4	9.6	9.6	9.6	9.7	9.7
Blast Furnaces, Iron & Steel Found.	5.6	5.2	5.3	5.4	5.4	5.4	5.6	5.6	5.7	5.7	5.7	5.8	5.8
Nonferrous Metals	3.7	3.3	3.4	3.5	3.6	3.7	3.8	3.8	3.9	3.9	3.9	3.9	3.9
Fabricated Metals	10.2	9.7	9.7	9.9	9.9	10.1	10.3	10.5	10.6	10.8	10.6	10.4	10.4
Fabricated Structural Metals	4.5	4.2	4.3	4.4	4.4	4.5	4.6	4.7	4.8	4.8	4.6	4.5	4.4
Other Fabricated Metals	5.7	5.5	5.4	5.5	5.5	5.6	5.7	5.8	5.8	6.0	6.0	5.9	6.0
Machinery	15.5	15.0	15.2	15.2	15.4	15.5	15.5	15.5	15.6	15.7	15.8	15.9	15.8
Electrical Equipment & Supplies	13.4	12.8	12.9	13.0	13.2	13.3	13.4	13.5	13.8	13.8	13.8	13.8	13.9
Transportation Equipment	11.1	9.8	10.1	10.4	10.3	11.4	10.9	11.5	11.8	11.9	11.5	11.7	12.3
Instruments & Related Products	12.1	12.1	12.1	12.1	12.0	12.0	12.1	12.1	12.1	12.1	12.1	12.2	12.3
Miscellaneous Manufacturing	3.1	2.6	2.7	2.8	2.8	3.0	3.1	3.2	3.4	3.4	3.5	3.4	3.2
Nondurable Goods	56.8	51.4	53.3	53.3	53.3	53.5	57.9	62.8	63.1	62.7	59.5	56.9	54.0
Food & Kindred Products	23.8	19.3	21.0	20.7	20.8	21.0	25.0	29.5	29.6	29.2	26.1	23.3	20.5
Canning & Preserving	12.9	8.7	10.4	10.2	10.2	10.3	14.0	18.4	18.6	18.1	15.0	12.1	9.3
Other Food Products	10.9	10.6	10.6	10.5	10.6	10.7	11.0	11.1	11.0	11.1	11.1	11.2	11.2
Textile Mill Products	1.8	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Apparel	2.5	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.6
Paper & Allied Products	9.2	9.2	9.2	9.2	9.2	9.1	9.3	9.4	9.4	9.3	9.1	9.1	9.0
Printing & Publishing	12.7	12.4	12.4	12.5	12.4	12.4	12.4	12.6	12.8	12.8	12.9	13.2	13.3
Chemicals & Allied Products	2.1	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Petroleum Refining	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Rubber & Plastic Products	3.8	3.5	3.6	3.6	3.7	3.7	3.8	3.9	3.9	4.0	4.0	4.0	4.0
Leather Products	0.5	0.5	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4

1987 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	889.1	858.3	863.5	871.8	881.8	893.0	901.0	881.5	885.1	898.1	911.1	912.5	911.3
Mining & Quarrying	1.4	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.3
Construction	34.5	29.6	29.4	29.9	32.1	34.5	36.0	37.8	39.2	38.6	37.4	35.9	33.8
Transp., Comm. & Utilities	58.3	56.8	57.0	57.2	57.6	57.8	58.4	58.6	58.5	59.4	59.1	59.0	60.1
Transportation	37.0	35.7	35.9	36.0	36.4	36.7	37.1	37.0	37.0	37.9	37.8	37.8	38.9
Railroad	3.9	4.0	3.9	3.9	4.0	4.0	3.9	3.9	4.0	4.0	4.0	3.9	3.8
Trucking & Warehousing	21.2	20.4	20.5	20.4	20.5	20.8	21.3	21.5	21.6	21.8	21.5	21.8	22.7
Other Transportation	11.8	11.3	11.5	11.7	11.9	11.9	11.9	11.6	11.4	12.1	12.3	12.1	12.4
Communications	12.5	12.5	12.5	12.5	12.4	12.3	12.4	12.7	12.6	12.6	12.6	12.5	12.5
Utilities	8.8	8.6	8.6	8.7	8.8	8.8	8.9	8.9	8.9	8.9	8.7	8.7	8.7
Trade	276.3	264.2	262.5	265.2	269.1	273.4	277.6	279.0	282.9	283.5	282.5	286.7	288.7
Wholesale Trade	69.1	65.9	65.8	66.5	67.4	67.8	68.9	69.9	71.6	71.5	71.3	70.8	71.3
Durable Goods	40.5	39.0	38.9	39.2	39.6	39.8	40.5	41.0	41.6	41.5	41.4	41.3	41.7
Nondurable Goods	28.6	26.9	26.9	27.3	27.8	28.0	28.4	28.9	30.0	30.0	29.9	29.5	29.6
Retail Trade	207.2	198.3	196.7	198.7	201.7	205.6	208.7	209.1	211.3	212.0	211.2	215.9	217.4
General Merchandise	27.2	26.5	25.3	25.2	25.6	25.8	26.3	26.8	27.2	27.1	27.9	30.6	31.8
Food Stores	33.7	32.2	32.1	32.2	32.6	33.2	33.7	34.3	34.7	34.8	34.9	35.2	34.2
Auto Dealers & Service Stations	26.0	24.7	24.9	25.2	26.0	26.5	26.8	26.9	26.7	26.5	26.2	25.7	25.3
Other Retail Trade	120.4	114.9	114.4	116.1	117.5	120.1	121.9	121.1	122.7	123.6	122.2	124.4	126.1
Finance, Ins. & Real Estate	71.7	70.1	70.2	70.7	71.3	71.8	72.5	73.1	72.7	72.3	71.9	71.5	71.9
Banking & Credit Agencies	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.8	23.7	23.6	23.6	23.8
Other Finance, Ins. & Real Estate	47.9	46.3	46.4	46.9	47.5	48.0	48.7	49.3	48.9	48.6	48.3	47.9	48.1
Services	242.4	233.0	236.7	239.0	242.1	243.3	242.9	243.6	243.9	245.4	247.1	245.7	245.9
Hotels & Personal Services	26.0	24.3	24.5	25.2	25.8	26.4	27.0	27.3	27.6	27.0	26.3	25.4	24.8
Health Services	74.7	73.3	73.4	73.9	74.0	73.9	74.7	75.0	75.3	75.2	75.6	75.7	76.2
Other Services	141.7	135.4	138.8	139.9	142.3	143.0	141.2	141.3	141.0	143.2	145.2	144.6	144.9
Government	204.5	203.3	206.4	208.5	208.2	210.8	212.1	187.9	186.4	197.4	211.6	212.2	209.6
Federal	30.2	28.6	28.0	28.6	29.7	30.1	30.8	31.2	31.4	31.3	31.1	30.7	30.4
State Government	56.9	55.2	56.6	57.8	57.7	57.5	58.7	54.2	53.7	53.9	59.5	59.0	58.4
Education	23.6	24.1	25.2	25.4	25.0	24.9	24.9	19.8	19.2	19.1	24.9	25.6	25.2
Other State	33.2	31.1	31.4	32.4	32.7	32.6	33.8	34.4	34.5	34.8	34.6	33.4	33.2
Local Government	117.5	119.5	121.8	122.1	120.8	123.2	122.6	102.5	101.3	112.2	121.0	122.5	120.8
Education	73.4	77.1	79.2	79.2	77.6	79.0	77.1	56.3	55.1	67.4	77.1	78.8	77.4
Other Local	44.1	42.4	42.6	42.9	43.2	44.2	45.5	46.2	46.2	44.8	43.9	43.7	43.4
LABOR-MANAGEMENT DISPUTES	0.2	0.0	0.0	0.0	1.4	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1987 Benchmark
February 1988

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1986 1/

DATA NOT YET AVAILABLE

	Annual 2/ Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE													
UNEMPLOYMENT													
Percent of Labor Force													
Seasonally Adjusted Percent													
TOTAL EMPLOYMENT													

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1986 3/ **

TOTAL WAGE & SALARY	1,058.5	1,020.3	1,024.8	1,033.0	1,047.2	1,059.9	1,073.6	1,054.7	1,065.0	1,078.0	1,086.0	1,081.3	1,077.7
Wage & Salary Empl. Index (1977=100) 4/	113.0	111.5	111.4	112.0	112.6	112.8	112.8	112.9	113.3	113.4	114.0	114.2	114.7
Diffusion Index 5/	53.1	44.2	45.3	45.7	54.7	56.6	55.8	52.7	54.7	55.4	57.0	54.6	60.1
MANUFACTURING, TOTAL	198.4	190.6	190.6	190.5	192.6	196.1	202.1	200.8	206.7	208.6	205.4	199.7	196.9
Durable Goods	143.4	140.4	139.9	139.7	141.9	144.4	146.3	143.2	145.6	146.8	145.9	144.0	142.8
Lumber & Wood Products	64.6	60.5	60.9	61.1	62.8	64.3	66.2	64.9	66.6	67.7	67.2	66.9	66.1
Logging & Sawmills	33.4	30.9	30.9	30.7	31.8	32.9	34.2	33.1	35.5	35.6	35.4	34.9	34.3
Veneer & Plywood	16.8	16.1	16.2	16.6	16.8	17.0	17.2	16.9	15.9	16.9	17.1	17.5	17.5
Millwork & Structural Wood	9.5	8.7	8.9	8.9	9.1	9.2	9.7	9.8	10.1	10.1	9.8	9.6	9.6
Mobile Homes	1.3	1.3	1.3	1.3	1.4	1.4	1.3	1.3	1.4	1.4	1.3	1.3	1.2
Other Wood Products	3.7	3.5	3.6	3.6	3.7	3.8	3.8	3.8	3.7	3.7	3.6	3.6	3.5
Furniture & Fixtures	2.7	2.6	2.5	2.5	2.6	2.6	2.7	2.7	2.8	3.0	2.9	2.7	2.6
Stone, Clay, Glass & Concrete Prod.	3.3	3.0	3.0	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.3	3.2
Primary Metals	8.6	8.7	8.7	8.8	8.5	8.5	8.5	8.6	8.6	8.6	8.6	8.5	8.6
Blast Furnaces, Iron & Steel Found.	5.3	5.4	5.4	5.5	5.3	5.3	5.3	5.4	5.4	5.3	5.3	5.2	5.3
Nonferrous Metals	3.3	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3
Fabricated Metals	10.6	11.1	10.8	10.7	10.7	10.7	10.8	10.5	10.6	10.5	10.2	10.2	10.0
Fabricated Structural Metals	4.8	5.3	5.1	5.1	5.0	5.0	5.0	4.6	4.6	4.5	4.3	4.3	4.2
Other Fabricated Metals	5.8	5.8	5.7	5.6	5.7	5.7	5.8	5.9	6.0	6.0	5.9	5.9	5.8
Machinery	15.0	14.9	14.9	14.8	15.0	15.0	15.0	15.1	15.1	15.0	15.0	15.0	15.2
Electrical Equipment & Supplies	12.9	13.3	13.2	12.7	12.7	12.8	12.9	13.0	13.0	13.0	13.0	12.8	12.8
Transportation Equipment	10.1	9.9	9.5	9.7	10.2	11.1	10.9	9.2	10.3	10.7	10.7	9.9	9.6
Instruments & Related Products	13.1	14.1	14.1	13.9	13.8	13.6	13.4	13.1	12.5	12.2	12.2	12.1	12.1
Miscellaneous Manufacturing	2.5	2.3	2.3	2.4	2.4	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Nondurable Goods	55.0	50.2	50.7	50.8	50.7	51.7	55.8	57.6	61.1	61.8	59.5	55.7	54.1
Food & Kindred Products	23.7	19.8	20.4	20.4	20.2	21.1	24.7	26.1	29.3	29.7	27.3	23.6	21.9
Canning & Preserving	13.0	9.5	10.1	10.1	9.9	10.7	14.1	15.3	18.3	18.6	15.9	12.3	10.7
Other Food Products	10.8	10.3	10.3	10.3	10.3	10.4	10.6	10.8	11.0	11.1	11.4	11.3	11.2
Textile Mill Products	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.7	1.7
Apparel	2.3	2.3	2.3	2.4	2.3	2.2	2.3	2.2	2.3	2.3	2.3	2.4	2.4
Paper & Allied Products	9.1	9.0	8.9	8.9	8.9	8.9	9.2	9.3	9.3	9.3	9.1	9.1	9.2
Printing & Publishing	12.0	11.5	11.5	11.5	11.7	11.8	11.8	12.0	12.2	12.3	12.5	12.4	12.5
Chemicals & Allied Products	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.0	2.0	2.0	2.0
Petroleum Refining	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Rubber & Plastic Products	3.4	3.2	3.2	3.3	3.3	3.3	3.3	3.4	3.4	3.5	3.5	3.5	3.5
Leather Products	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.4

1986 Continued

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	860.1	829.7	834.2	842.5	854.6	863.8	871.5	853.9	858.3	869.4	880.6	881.6	880.8
Mining & Quarrying	1.4	1.3	1.2	1.2	1.5	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.4
Construction	34.3	30.7	30.0	31.4	33.3	34.2	35.8	37.1	38.1	37.8	36.8	34.1	32.4
Transp., Comm. & Utilities	57.2	55.8	55.7	55.6	56.4	56.6	57.0	57.7	57.6	58.3	58.3	58.4	58.9
Transportation	35.7	34.1	34.2	34.2	34.8	35.0	35.9	35.8	35.8	36.7	37.1	37.1	37.7
Railroad	4.3	4.5	4.5	4.5	4.4	4.4	4.3	4.3	4.2	4.1	4.1	4.1	4.0
Trucking & Warehousing	20.3	18.8	18.8	18.9	19.4	19.6	20.6	20.8	20.9	21.1	21.3	21.4	22.1
Other Transportation	11.1	10.8	10.9	10.8	11.0	11.0	11.0	10.7	10.7	11.5	11.7	11.6	11.6
Communications	12.8	13.0	12.9	12.8	12.9	12.9	12.3	13.0	13.0	12.9	12.6	12.7	12.6
Utilities	8.7	8.7	8.6	8.6	8.7	8.7	8.8	8.9	8.8	8.7	8.6	8.6	8.6
Trade	267.3	256.0	254.5	257.6	263.1	266.2	271.3	270.6	273.3	273.4	271.2	273.7	276.1
Wholesale Trade	67.4	65.3	65.4	66.1	67.2	67.1	67.9	68.1	68.9	69.1	68.7	67.4	67.4
Durable Goods	39.5	38.5	38.6	38.7	39.6	39.9	40.2	40.1	40.0	39.9	39.8	39.4	39.5
Nondurable Goods	27.9	26.8	26.8	27.4	27.6	27.2	27.7	28.0	28.9	29.2	28.9	28.0	27.9
Retail Trade	199.9	190.7	189.1	191.5	195.9	199.1	203.4	202.5	204.4	204.3	202.5	206.3	208.7
General Merchandise	26.2	25.9	25.0	24.7	25.3	25.5	25.7	25.9	26.0	26.1	26.3	28.3	29.6
Food Stores	31.7	30.0	29.7	30.1	30.9	31.4	32.3	32.6	32.8	32.7	32.5	32.8	32.8
Auto Dealers & Service Stations	25.2	23.8	23.8	24.2	24.8	25.1	25.7	26.0	26.3	26.2	25.8	25.5	25.3
Other Retail Trade	116.8	111.0	110.6	112.5	114.9	117.1	119.7	118.0	119.3	119.3	117.9	119.7	121.0
Finance, Ins. & Real Estate	69.5	66.9	67.1	67.6	68.4	69.1	70.1	71.0	71.2	71.1	70.5	70.2	70.6
Banking & Credit Agencies	23.7	23.4	23.2	23.3	23.5	23.6	23.8	24.1	24.2	24.1	23.8	23.9	23.9
Other Finance, Ins. & Real Estate	45.8	43.5	43.9	44.3	44.9	45.5	46.3	46.9	47.0	47.0	46.7	46.3	46.7
Services	230.2	219.2	222.3	224.8	228.3	230.4	231.2	232.4	233.4	234.4	235.1	235.4	235.9
Hotels & Personal Services	25.5	23.5	24.1	24.5	25.0	25.3	26.5	26.9	27.3	26.8	25.9	25.0	24.8
Health Services	72.5	70.7	71.0	71.5	71.9	72.1	72.7	73.1	73.5	73.8	72.9	73.1	73.7
Other Services	132.3	125.0	127.2	128.8	131.4	133.0	132.0	132.4	132.6	133.8	136.3	137.3	137.4
Government	200.2	199.8	203.4	204.3	203.6	205.7	204.6	183.6	183.2	192.9	207.2	208.3	205.5
Federal	29.6	28.3	28.4	28.4	28.5	29.2	29.8	31.0	30.8	30.9	30.4	29.4	29.5
State Government	54.6	54.0	55.3	55.8	55.7	55.3	55.2	51.8	51.8	51.3	56.4	56.8	55.7
Education	23.0	23.4	24.4	24.6	24.3	24.1	23.3	19.2	18.5	18.9	24.5	25.3	25.0
Other State	31.6	30.6	30.9	31.2	31.4	31.2	31.9	32.6	33.3	32.4	31.9	31.5	30.7
Local Government	116.0	117.5	119.7	120.1	119.4	121.2	119.6	100.8	100.6	110.7	120.4	122.1	120.3
Education	73.0	76.3	78.2	78.3	77.5	78.6	75.8	55.8	55.3	66.6	77.3	78.9	77.2
Other Local	43.1	41.2	41.5	41.8	41.9	42.6	43.8	45.0	45.3	44.1	43.1	43.2	43.1
LABOR-MANAGEMENT DISPUTES	0.6	0.0	0.0	0.0	0.0	0.0	0.7	3.2	2.0	0.8	0.1	0.1	0.0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ Sum of monthly estimates divided by 12. Unemployment rate derived by dividing unemployment by civilian labor force.

3/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

4/ Total nonagricultural wage and salary employment, seasonally adjusted and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's annual average employment (774.3) and that of 1977 (936.9).

5/ The diffusion index is the percentage of a selected group of 43 industries showing an increase in seasonally adjusted employment. Half of those industries showing no significant change (less than 1/2 of 1%) are counted as increasing.

REVISED EMPLOYMENT DATA CONFIRM STRONG 1987

Graham Slater

Regular readers will be aware of the annual statistical exercise of "benchmarking". Month after month, the employment estimates published by the Employment Division are computed based on a sample of roughly one-tenth of Oregon's employers. Once each year, these estimates are revised and improved based on the latest and best information available, largely from Unemployment Insurance Employer Tax records, but also from a variety of other sources. This benchmark ensures that monthly estimates are staying in line with reality, and allows analysts to determine where, and why, certain estimates may have been less accurate than desired.

The 1987 Benchmark (revising employment data for 1986 and 1987) was completed early in February. Of initial interest to analysts is the fact that the magnitude of the revisions was the smallest in recent memory. Annual average nonfarm payroll employment increased by 2,000 (+0.2%) for 1986 and fell by 1,200 (-0.1%) for 1987.

More importantly, revised annual average data for 1987 reflects strong growth over 1986 in almost every area of the employment-related economy. The 1987 annual average wage & salary employment level of 1,094,000, an all-time record for the State, was created by 3.4% growth between 1986 and 1987. While benchmarked data is not yet available for all states, preliminary indications are that Oregon will rank in or near the top ten in terms of percent growth.

Perhaps the most positive development was that the growth trend was shared almost equally between manufacturing (+3.3%) and nonmanufacturing (+3.4%) industries. This is in stark contrast to the 1986 growth pattern which saw nonmanufacturing soar but manufacturing continue to decline. Even within manufacturing, the positive news was shared evenly between durable goods and nondurables, both registering +3.3% growth.

The revised statistics for manufacturing (production) workers are as follows:

	1986	1987	Change
Average Hourly Earnings	$ 10.57	$ 10.55	−$0.02
Average Weekly Earnings	$412.23	$413.56	$1.33
Average Weekly Hours	39.0	39.2	.0.2

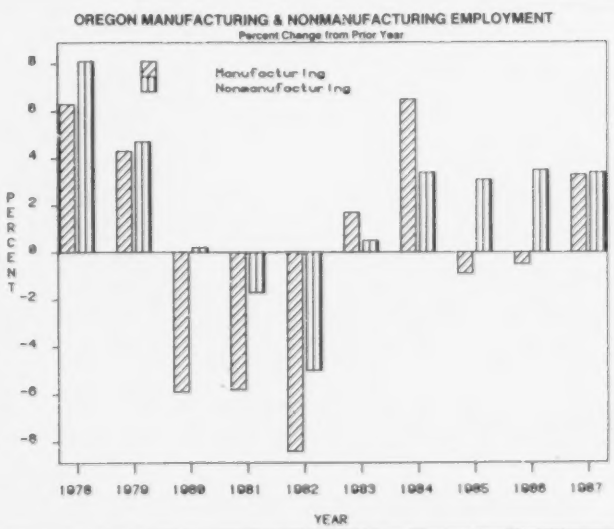
The strength in manufacturing bears further analysis. At the two digit SIC level, only furniture & fixtures, fabricated metals, and instruments & related products recorded employment declines. Lumber & wood products enjoyed its best year for some time, adding employment growth to record productivity levels. Only logging failed to add jobs (mostly due to the fire-related restrictions in the fall) while millwork hit a record 10,100 level. Other manufacturing industries which performed well included primary metals and transportation equipment. In addition, printing & publishing and rubber & plastic products both turned in record employment levels (12,700 and 3,800 respectively). After many years of talking diversity, 1987 may go down as the year when the talk translated into numbers.

The nonmanufacturing picture was less surprising but equally strong. Construction, with just 200 added jobs, provided the main disappointment, while other sectors were generally encouraging. Services provided the largest number of new jobs of any sector with 12,200. (Putting that in perspective, Oregon's fruit and vegetable processors averaged 11,200 in 1987.) Of the thirteen distinct service industries for which employment estimates are calculated, ten reached record employment levels in 1987.

Revisions to the hours & earnings data were small. Average hourly earnings in manufacturing was revised upward by one cent for 1986, then downward by the same amount in 1987.

From a structural point of view, there were two noteworthy changes. First, following discussions between analysts and data users, it has been decided that the diffusion index will be discontinued. Second, all three hours & earnings statistics (average hourly earnings, weekly hours, and weekly earnings) will now be published for banking & insurance. Previously, only average weekly earnings had been published.

To summarize, revisions were small, growth was strong, and Oregon heads into 1988 building on a solid, record-breaking foundation of 1987 economic progress. □



Long-Range (Employment) Weather Forecast

Arthur Ayre

Mankind has long sought to know the future, and has employed a wide variety of amusing prediction techniques in this effort. Some of these techniques have developed into sciences with enviable levels of accuracy. Astronomers, for example, are able to predict solar eclipses years in advance and can specify the time and track of the moon's shadow across the Earth. Other sciences have not enjoyed such celestial success. Weather forecasters, armed with high-powered computers and years of scientific study, struggle to generate a reliable weekend weather forecast.

Recently, mankind has engaged in the development of large, complex economies, and has understandably sought to forecast the fluctuations in these manmade super-organisms. People who manage businesses, invest their own or others' money, campaign for public office, buy homes, consult others on careers or business plans, and do a variety of other activities often make important decisions based on predictions of future interest rates, money supply, balance of trade, employment, unemployment rates, etc. Never mind that history may record the fruits of economic forecasting as inferior even to those of weather forecasting. The need to have some seemingly rational basis upon which to make important decisions forces most of us to give some credence, however skeptical, to economic forecasts.

This need has spawned a wide variety of prediction techniques and theories. Some forecasts draw on historical cycles, others concentrate on dynamic relationships within the system, and still others use linear regression to predict the future. Predictions rest on economic "laws" which are used as building blocks for theories. The apperception of and belief in these "laws" depend, to a large degree, on the spacial and temporal scope of economic activity being considered (which is why there is a phenomenon called the fallacy of composition). Forecasts are also highly dependent upon assumptions about future events, some of which are likely to be wrong.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Dec.[2] 1987	Nov.[3] 1987	Dec. 1986	Dec.[2] 1987	Nov.[3] 1987	Dec. 1986	Dec.[2] 1987	Nov.[3] 1987	Dec. 1986
TOTAL MANUFACTURING[4]	$422.76	$422.41	$416.20	39.4	39.7	39.6	$10.73	$10.64	$10.51
Durable Goods	426.93	428.13	421.30	39.9	40.2	40.2	10.70	10.65	10.48
Lumber & Wood Products	420.42	429.32	427.73	39.0	39.9	40.2	10.78	10.76	10.64
Logging & Sawmills	439.64	452.76	460.00	37.9	39.2	40.6	11.60	11.55	11.33
Veneer & Plywood	410.94	425.99	415.90	39.4	41.0	40.3	10.43	10.39	10.32
Millwork & Structural	389.08	376.16	352.91	42.2	41.2	39.3	9.22	9.13	8.98
Mobile Homes	320.32	318.95	264.26	36.4	35.4	31.8	8.80	9.01	8.31
Other Wood Products	409.94	420.56	427.11	39.8	40.4	40.6	10.30	10.41	10.52
Furniture & Fixtures	313.18	380.64	324.72	38.1	39.0	41.0	8.22	9.76	7.92
Primary Metals	524.17	527.61	489.95	41.9	43.0	41.0	12.51	12.27	11.95
Fabricated Metals	386.65	377.34	381.35	40.7	40.1	39.6	9.50	9.41	9.63
Machinery (Ex Electrical)	465.65	451.95	444.40	41.8	40.9	40.4	11.14	11.05	11.00
Nondurable Goods	411.16	404.54	404.92	38.0	38.2	38.2	10.82	10.59	10.60
Food & Kindred Products	332.08	318.65	332.68	35.9	36.5	36.2	9.25	8.73	9.19
Canning & Preserving	273.70	263.50	280.25	33.5	34.9	34.9	8.17	7.55	8.03
Other Food Products	398.35	405.60	399.09	38.6	39.0	37.9	10.32	10.40	10.53
Textile Mill Products	253.81	259.84	247.13	35.9	38.1	37.5	7.07	6.82	6.59
Apparel	222.60	217.68	250.81	37.1	36.1	42.8	6.00	6.03	5.86
Paper & Allied Products	656.78	678.25	642.60	42.4	42.9	42.0	15.49	15.81	15.30
Printing & Publishing	426.20	442.93	418.29	36.9	37.6	36.5	11.55	11.78	11.46
Construction[4]	462.97	470.91	456.57	33.5	34.6	34.2	13.82	13.61	13.35
Communications & Utilities[5]	565.94	536.02	516.65	41.4	40.7	40.3	13.67	13.17	12.82
Trade[5]	283.53	288.96	283.37	33.2	33.6	34.1	8.54	8.60	8.31
Wholesale Trade	388.02	395.12	386.08	36.4	37.1	36.7	10.66	10.65	10.52
Retail Trade	235.96	239.25	237.21	31.8	31.9	32.9	7.42	7.50	7.21
Banking & Insurance[5]	306.58	330.03	305.11						
State & Local Government	371.46	370.02	354.47						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Unlike weather forecasts, some economic predictions have a propensity to become self-fulfilling. The same people who make decisions based on economic forecasts are also those who play an important role in the direction of the economy. While they may feel that their individual impacts on the future of the economy are insignificant and can be discounted, the aggregate effect of many such individual impacts is very real indeed. For example, a run on a local bank might be precipitated simply by spreading word that such a collapse is likely. And major stock market moves are occasionally credited to important market analysts who advise their clients to buy or sell. Important economic decisions by people who manage businesses may ride on the government's index of leading economic indicators or other forecasts, quite possibly exacerbating whatever trend might be apparent.

Due to rising female labor force participation, women are expected to account for nearly two-thirds of Oregon's 233,000 labor force growth between now and the year 2000.

Having raised these concerns and precautions, we hereby announce our forecasts of Oregon's labor force, employment, and unemployment rates to the year 2000. These forecasts were designed to be internally consistent. They are based on the assumption made by Wharton Econometric Forecasting Associates of a mild recession centered around 1990 and another in the late 1990s. Other assumptions include a growing labor shortage, due largely to the dearth of new entrants to the labor market following the influx of the baby boomers during the 1960s and 1970s. We expect the overall labor force participation rate to continue inching upward reflecting further strong gains in the female participation rate coupled with a slight drop in male labor force participation. We also expect Oregon's unemployment rate to maintain its recent historical relationship to that of the United States. The following graphs depict our scenario for Oregon based on Wharton's national outlook. If our assumptions hold true and our economic "laws" aren't repealed, we should be looking forward to relatively calm, sunny economic weather. And now, for sports....

Oregon and U.S. Unemployment Rates

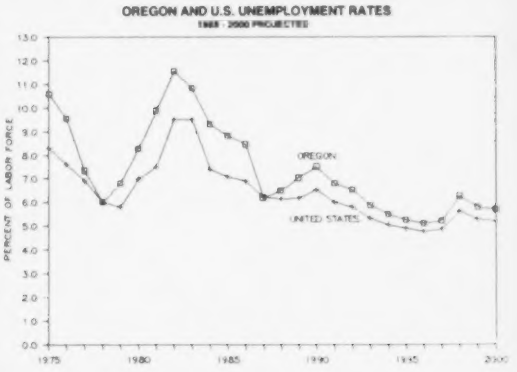
This graph shows actual (1975 to 1987) and projected Oregon and United States civilian unemployment rates. The U.S. unemployment rate from 1988 to 2000 was projected by Wharton Econometric Forecasting Associates. We used linear regression of the Oregon unemployment rate against the U.S. unemployment rate for the years 1977 to 1987, and projected the Oregon unemployment rate from 1988 to 2000 by using the projected U.S. unemployment rate to drive the Oregon rate. The 1987 Oregon rate predicted by this regression line was substantially higher than the actual 1987 Oregon rate, so we smoothed the line between the actual 1987 and the regressed 1989. The regressed Oregon unemployment rate begins in 1989.

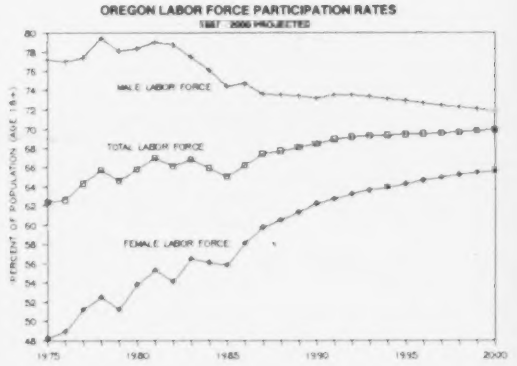
Oregon Labor Force Participation Rates

This graph shows actual (1975 to 1986) and projected Oregon civilian labor force participation rates. We projected the Oregon rates to follow trends in national rates which have been projected by Wharton Econometric Forecasting Associates (1987 to 2000). Labor force participation rates represent the percent of the specified adult population group (age 16+) which is in the labor force (either employed or unemployed and actively seeking employment). Due to rising female labor force participation, women are expected to account for nearly two-thirds of Oregon's 233,000 labor force growth between now and the year 2000.

Oregon Labor Force and Employment

The graph shows Oregon's civilian labor force, total employment, and nonagricultural wage and salary employment for the years 1975 to 2000. We developed civilian labor force projections from projections of Oregon population and labor force participation rates. We then used Portland State University's population estimates between 1975 and 1987, Oregon Executive Department population projections from 1988 to 1991, and steady population growth of 25,000 per year from 1992 to 2000. From these data, we developed a population series of those age 16 and over. This series was then multiplied by the labor force participation rates to arrive at the civilian labor force.





The total employment series projections (1988 to 2000) were derived by subtracting from the labor force the percent which was projected to be unemployed. Nonagricultural wage and salary employment was taken from Oregon Executive Department projections for 1988 to 1991 (March 1988 forecast), and then projected (1992 to 2000) to follow the trend of total employment. □

NEW ENTERPRISE ZONES

Henry Markus

On December 31, 1987, Governor Goldschmidt designated five new enterprise zones in Astoria, Dallas, Grande Ronde (LaGrande), Redmond and Salem. The Oregon Economic Development Department (EDD) received 19 applications from which these final five were chosen. There are now 25 zones in Oregon, three urban and 22 nonurban (see list). State law allows for a maximum of 30 zones. A date has not yet been set for the final round of applications.

To obtain an enterprise zone property tax exemption for 1988, the appropriate forms must be filed with the county assessor and the Oregon Department of Revenue on or before April 1, 1988. Any qualified business that made an investment in qualified property in 1987 which was in use or occupied on January 1, 1988, should consider applying.

Qualified businesses include any business in urban enterprise zones and non-retail firms and motels/hotels in nonurban zones. The property tax exemption is 100 percent during the first taxable year and is phased out in 20-percent increments over five years. It applies to new buildings, machinery and equipment, building expansions and renovations, and increases in land value from site preparation.

Another benefit common to all enterprise zones is that land owned by the State or units of local government which are not designated for a specific public use are available for sale or lease to qualified firms. In addition, each community has established a package of local incentives unique to its enterprise zone which may include industrial training opportunities, public service enhancements, regulatory flexibility and reduction or exemption of fees.

If your business is located within an enterprise zone, or if you are interested in opening a business within one, please contact the local enterprise zone manager for information about zone benefits and requirements before making an investment.

On January 20, 1988, EDD adopted temporary enterprise zone rules. They will be in effect until July 15, 1988, unless permanent rules are adopted sooner. Written comments on these rules, in order to be considered, must be received by EDD not later than March 31, 1988.

EDD will submit its annual report to the Governor by March 1 evaluating the effectiveness of the Oregon Enterprise Zone Act. The report may be updated this summer to incorporate a final list of 1988 applicants for the enterprise zone property tax exemption (due April 1, see above) and a summary of the key features of the permanent enterprise zone rules (to be adopted after April 1, see above).

For more information, please contact:

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OREGON ENTERPRISE ZONES

Urban Zones (3)

N/NE Portland
Salem*
West Eugene

Nonurban Zones (22)

Albany
Astoria*
Baker (City)
Coos Bay Area
Coquille Valley
Dallas*
Grande Ronde (LaGrande)*
Hermiston Area
Klamath Falls
Lower Columbia Maritime
Oakridge/Westfir
Ontario
Pendleton
Port Orford
Redmond*
St. Helens/Columbia City
South Santiam (Lebanon)
Sutherlin/Oakland
Sweet Home
Tillamook
Toledo
Wasco County/The Dalles

*New additions effective Dec. 31, 1987

OREGON LABOR TRENDS

OREGON LABOR TRENDS is published monthly by the Research and Statistics Section of the Oregon Employment Division, W. E. Hunter, Administrator.

Send comments, questions, and address changes ATTN: Jeff Hannum, R&S-LMI or Phone (503) 378-2736 or toll free 1-800-237-3710 ext. 8-8657.

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